

Blue Granite Water Company
Operating Experience, Rate Base and Rate of Return
Combined Operations - Water and Sewer Service Territory 1 & 2
Docket No. 2019-290-WS
For the Test Year Ended June 30, 2019

Description	(1) Application Per Books \$	(2) Accounting & Pro Forma Adjustments \$	(3) After Accounting & Pro Forma Present \$	(4) Authorized PSC Adjustments \$	(5) After PSC Adjustments \$
<u>Operating Revenues</u>					
Service Revenues - Water	11,868,922	280,468 (1)	12,149,390	4,984,305 (40)	17,133,695
Service Revenues - Sewer	10,929,933	504,321 (2)	11,434,254	5,293,807 (41)	16,728,061
Miscellaneous Revenues	445,566	4,043 (3)	449,609	76,585 (42)	526,194
Uncollectible Accounts	(250,471)	(7,644) (4)	(258,115)	(108,937) (43)	(367,052)
Total Operating Revenues	22,993,950	781,188	23,775,138	10,245,760	34,020,898
<u>Maintenance Expenses</u>					
Salaries and Wages	2,670,783	(1,344,062) (5)	1,326,721	0	1,326,721
Capitalized Time	(333,423)	73,614 (6)	(259,809)	0	(259,809)
Purchased Power	771,660	0 (7)	771,660	0	771,660
Purchased Sewer and Water - Pass Through	5,266,724	3,424,980 (8)	8,691,704	0	8,691,704
Maintenance and Repair	3,031,412	1,094,021 (9)	4,125,433	0	4,125,433
Maintenance Testing	314,455	(174,416) (10)	140,039	0	140,039
Meter Reading	112,607	(72,815) (11)	39,792	0	39,792
Chemicals	360,819	(99,043) (12)	261,776	0	261,776
Transportation	238,985	(118,674) (13)	120,311	0	120,311
Operating Exp. Charged to Plant	0	0	0	0	0
Total Maintenance Expenses	12,434,022	2,783,605	15,217,627	0	15,217,627
<u>General Expenses</u>					
Salaries and Wages	871,623	538,807 (14)	1,410,430	0	1,410,430
Office Supplies & Other Office Exp	1,980,731	(1,542,054) (15)	438,677	0	438,677
Regulatory Commission Exp.	138,293	186,280 (16)	324,573	0	324,573
Pension & Other Benefits	779,623	(161,830) (17)	617,793	0	617,793
Rent	97,022	103,407 (18)	200,429	0	200,429
Insurance	348,323	163,371 (19)	511,694	0	511,694
Office Utilities	491,952	(98,634) (20)	393,318	0	393,318
Outside Services - Other	1,062,984	(188,888) (21)	874,096	0	874,096
Non-Utility Misc Expense	442,691	(442,691) (22)	0	0	0
Miscellaneous	61,301	4,566 (23)	65,867	0	65,867
Total General Expenses	6,274,543	(1,437,666)	4,836,877	0	4,836,877
<u>Other Expenses</u>					
Depreciation	1,788,412	2,244,244 (24)	4,032,656	0	4,032,656
Amortization of CIAC	(406,510)	(617,726) (25)	(1,024,236)	0	(1,024,236)
Taxes Other Than Income	3,499,587	219,075 (26)	3,718,662	54,598 (44)	3,773,260
Income Taxes - Federal	(431,984)	(698,918) (27)	(1,130,902)	2,033,137 (45)	902,235
Income Taxes - State	(185,161)	(65,926) (28)	(251,087)	509,557 (46)	258,470
Sale of Utility Property	(20,253)	20,253 (29)	0	0	0
Amort. Investment Tax Credit	(8,854)	0	(8,854)	0	(8,854)
Amortization of PAA	(15,713)	0	(15,713)	0	(15,713)
Total Other Expenses	4,219,524	1,101,002	5,320,526	2,597,292	7,917,818
Total Operating Expenses	22,928,089	2,446,942	25,375,031	2,597,292	27,972,323
Net Operating Income	65,861	(1,665,754)	(1,599,893)	7,648,468	6,048,575
Customer Growth	0	0 (30)	0	92,640 (47)	92,640
Interest During Construction	(172,635)	172,635 (31)	0	0	0
Net Income (Loss) For Return	238,496	(1,838,389)	(1,599,893)	7,741,108	6,141,215
<u>Original Cost Rate Base:</u>					
Gross Plant In Service	103,656,698	910,493 (32)	104,567,191	0	104,567,191
Accumulated Depreciation	(16,190,845)	4,515,950 (33)	(11,674,895)	0	(11,674,895)
Net Plant In Service	87,465,853	5,426,444	92,892,297	0	92,892,297
Deferred Charges	0	5,217,981 (34)	5,217,981	0	5,217,981
Cash Working Capital	1,680,231	(259,881) (35)	1,420,350	0	1,420,350
Contributions In Aid of Construction	(20,300,003)	1,522,035 (36)	(18,777,968)	0	(18,777,968)
Accumulated Deferred Income Taxes	(3,522,916)	0	(3,522,916)	0	(3,522,916)
Customer Deposits	(334,350)	0	(334,350)	0	(334,350)
Plant Held for Future Use	0	0 (37)	0	0	0
Plant Acquisition Adjustment	(831,277)	0	(831,277)	0	(831,277)
Excess Book Value	0	(464,646) (38)	(464,646)	0	(464,646)
Total Rate Base	64,157,538	11,441,933	75,599,471	0	75,599,471
Return on Rate Base	0.37%		-2.12%		8.12%
Operating Margin	-6.91%		-15.31%		12.06%
Interest Expense	1,828,315	211,553 (39)	2,039,868	0	2,039,868

Blue Granite Water Company
Operating Experience, Rate Base and Rate of Return
Water Service Territory 1
Docket No. 2019-290-WS
For the Test Year Ended June 30, 2019

<u>Description</u>	(1) Application Per Books \$	(2) Accounting & Pro Forma Adjustments \$	(3) After Accounting & Pro Forma Present \$	(4) Authorized PSC Adjustments \$	(5) After PSC Adjustments \$
<u>Operating Revenues</u>					
Service Revenues - Water	6,307,416	272,372	(1) 6,579,788	3,445,250 (40)	10,025,038
Miscellaneous Revenues	84,940	(290)	(3) 84,650	12,108 (42)	96,758
Uncollectible Accounts	(62,865)	(2,933)	(4) (65,798)	(34,452) (43)	(100,250)
<u>Total Operating Revenues</u>	6,329,491	269,149	6,598,640	3,422,906	10,021,546
<u>Maintenance Expenses</u>					
Salaries and Wages	842,497	(484,042)	(5) 358,455	0	358,455
Capitalized Time	(101,347)	25,726	(6) (75,621)	0	(75,621)
Purchased Power	72,278	0	(7) 72,278	0	72,278
Purchased Water - Pass Through	2,859,944	875,597	(8) 3,735,541	0	3,735,541
Maintenance and Repair	628,927	594,933	(9) 1,223,860	0	1,223,860
Maintenance Testing	40,064	(33,212)	(10) 6,852	0	6,852
Meter Reading	31,148	(44,196)	(11) (13,048)	0	(13,048)
Chemicals	132,225	(25,360)	(12) 106,865	0	106,865
Transportation	84,341	(42,445)	(13) 41,896	0	41,896
Operating Exp. Charged to Plant	0	0	0	0	0
<u>Total Maintenance Expenses</u>	4,590,077	867,001	5,457,078	0	5,457,078
<u>General Expenses</u>					
Salaries and Wages	308,198	191,693	(14) 499,891	0	499,891
Office Supplies & Other Office Exp	788,991	(635,697)	(15) 153,294	0	153,294
Regulatory Commission Exp.	48,900	67,700	(16) 116,600	0	116,600
Pension & Other Benefits	275,491	(93,767)	(17) 181,724	0	181,724
Rent	25,824	36,920	(18) 62,744	0	62,744
Insurance	123,183	58,173	(19) 181,356	0	181,356
Office Utilities	167,049	(35,121)	(20) 131,928	0	131,928
Outside Services - Other	374,956	(58,653)	(21) 316,303	0	316,303
Non-Utility Misc Expense	156,637	(156,637)	(22) 0	0	0
Miscellaneous	21,275	1,217	(23) 22,492	0	22,492
<u>Total General Expenses</u>	2,290,504	(624,173)	1,666,332	0	1,666,332
Depreciation	464,276	734,280	(24) 1,198,556	0	1,198,556
Amortization of CIAC	(164,957)	(475,053)	(25) (640,010)	0	(640,010)
Taxes Other Than Income	1,111,788	7,215	(26) 1,119,003	18,230 (44)	1,137,233
Income Taxes - Federal	(154,415)	(398,168)	(27) (552,583)	679,233 (45)	126,650
Income Taxes - State	(99,023)	(28,004)	(28) (127,027)	170,233 (46)	43,206
Sale of Utility Property	(29,922)	29,922	(29) 0	0	0
Amort. Investment Tax Credit	(4,214)	0	(4,214)	0	(4,214)
Amortization of PAA	(13,504)	0	(13,504)	0	(13,504)
<u>Total Other Expenses</u>	1,110,029	(129,808)	980,221	867,696	1,847,917
<u>Total Operating Expenses</u>	7,990,610	113,021	8,103,631	867,696	8,971,327
<u>Net Operating Income</u>	(1,661,119)	156,128	(1,504,991)	2,555,210	1,050,219
Customer Growth	0	0	(30) 0	21,416 (47)	21,416
Interest During Construction	(74,253)	74,253	(31) 0	0	0
<u>Net Income (Loss) For Return</u>	(1,586,866)	81,875	(1,504,991)	2,576,626	1,071,635
<u>Original Cost Rate Base:</u>					
Gross Plant In Service	25,669,070	1,517,896	(32) 27,186,966	0	27,186,966
Accumulated Depreciation	(5,359,140)	1,657,788	(33) (3,701,352)	0	(3,701,352)
Net Plant In Service	20,309,930	3,175,684	23,485,614	0	23,485,614
Deferred Charges	0	(9,585)	(34) (9,585)	0	(9,585)
Cash Working Capital	502,580	(79,097)	(35) 423,483	0	423,483
Contributions In Aid of Construction	(8,780,986)	(18,852)	(36) (8,799,838)	0	(8,799,838)
Accumulated Deferred Income Taxes	(964,199)	0	(964,199)	0	(964,199)
Customer Deposits	(105,884)	0	(105,884)	0	(105,884)
Plant Held for Future Use	0	0	(37) 0	0	-
Plant Acquisition Adjustment	(614,752)	0	(614,752)	0	(614,752)
Excess Book Value	0	(223,030)	(38) (223,030)	0	(223,030)
<u>Total Rate Base</u>	10,346,689	2,845,120	13,191,809	0	13,191,809
<u>Return on Rate Base</u>	-15.34%		-11.41%		8.12%
<u>Operating Margin</u>	-33.96%		-28.20%		7.14%
<u>Interest Expense</u>	562,651	(206,702)	(39) 355,949	0	355,949

Blue Granite Water Company
Operating Experience, Rate Base and Rate of Return
Water Service Territory 2
Docket No. 2019-290-WS
For the Test Year Ended June 30, 2019

Description	(1) Application Per Books \$	(2) Accounting & Pro Forma Adjustments \$	(3) After Accounting & Pro Forma Present \$	(4) Authorized PSC Adjustments \$	(5) After PSC Adjustments \$
<u>Operating Revenues</u>					
Service Revenues - Water	5,561,506	8,096	(1) 5,569,602	1,539,055 (40)	7,108,657
Miscellaneous Revenues	115,189	0	(3) 115,189	9,922 (42)	125,111
Uncollectible Accounts	(77,873)	(101)	(4) (77,974)	(21,547) (43)	(99,521)
Total Operating Revenues	5,598,822	7,995	5,606,817	1,527,430	7,134,247
<u>Maintenance Expenses</u>					
Salaries and Wages	668,288	(264,947)	(5) 403,341	0	403,341
Capitalized Time	(71,806)	12,190	(6) (59,616)	0	(59,616)
Purchased Power	180,096	0	(7) 180,096	0	180,096
Purchased Water - Pass Through	761,771	138,765	(8) 900,536	0	900,536
Maintenance and Repair	440,252	264,955	(9) 705,207	0	705,207
Maintenance Testing	97,005	(48,101)	(10) 48,904	0	48,904
Meter Reading	45,376	(9,488)	(11) 35,888	0	35,888
Chemicals	54,966	(14,317)	(12) 40,649	0	40,649
Transportation	52,482	(25,511)	(13) 26,971	0	26,971
Operating Exp. Charged to Plant	0	0	0	0	0
Total Maintenance Expenses	2,228,430	53,546	2,281,976	0	2,281,976
<u>General Expenses</u>					
Salaries and Wages	192,149	115,859	(14) 308,008	0	308,008
Office Supplies & Other Office Exp	270,298	(171,345)	(15) 98,953	0	98,953
Regulatory Commission Exp.	30,488	40,319	(16) 70,807	0	70,807
Pension & Other Benefits	172,239	(4,330)	(17) 167,909	0	167,909
Rent	38,829	22,019	(18) 60,848	0	60,848
Insurance	76,740	35,004	(19) 111,744	0	111,744
Office Utilities	110,492	(21,368)	(20) 89,124	0	89,124
Outside Services - Other	235,453	(89,261)	(21) 146,192	0	146,192
Non-Utility Misc Expense	97,387	(97,387)	(22) 0	0	0
Miscellaneous	14,337	1,626	(23) 15,963	0	15,963
Total General Expenses	1,238,412	(168,864)	1,069,548	0	1,069,548
<u>Other Expenses</u>					
Depreciation	408,578	580,999	(24) 989,577	0	989,577
Amortization of CIAC	(7,201)	(25,416)	(25) (32,617)	0	(32,617)
Taxes Other Than Income	992,688	4,778	(26) 997,466	8,167 (44)	1,005,633
Income Taxes - Federal	(33,770)	(35,460)	(27) (69,230)	303,093 (45)	233,863
Income Taxes - State	23,613	(33,900)	(28) (10,287)	75,963 (46)	65,676
Sale of Utility Property	(18,297)	18,297	(29) 0	0	0
Amort. Investment Tax Credit	0	0	0	0	0
Amortization of PAA	1,564	0	1,564	0	1,564
Total Other Expenses	1,367,175	509,298	1,876,473	387,223	2,263,696
Total Operating Expenses	4,834,017	393,980	5,227,997	387,223	5,615,220
Net Operating Income	764,805	(385,985)	378,820	1,140,207	1,519,027
Customer Growth	0	0	(30) 0	1,373 (47)	1,373
Interest During Construction	(5,925)	5,925	(31) 0	0	0
Net Income (Loss) For Return	770,730	(391,910)	378,820	1,141,580	1,520,400
<u>Original Cost Rate Base:</u>					
Gross Plant In Service	22,208,337	1,183,390	(32) 23,391,727	0	23,391,727
Accumulated Depreciation	(3,277,394)	658,509	(33) (2,618,885)	0	(2,618,885)
Net Plant In Service	18,930,943	1,841,898	20,772,841	0	20,772,841
Deferred Charges	0	(533,021)	(34) (533,021)	0	(533,021)
Cash Working Capital	338,134	(31,760)	(35) 306,374	0	306,374
Contributions In Aid of Construction	(351,720)	(12,343)	(36) (364,063)	0	(364,063)
Accumulated Deferred Income Taxes	(1,239,587)	0	(1,239,587)	0	(1,239,587)
Customer Deposits	(90,717)	0	(90,717)	0	(90,717)
Plant Held for Future Use	0	0	(37) 0	0	0
Plant Acquisition Adjustment	(134,480)	0	(134,480)	0	(134,480)
Excess Book Value	0	0	(38) 0	0	0
Total Rate Base	17,452,573	1,264,774	18,717,347	0	18,717,347
Return on Rate Base	4.42%		2.02%		8.12%
Operating Margin	4.29%		-2.25%		14.23%
Interest Expense	530,582	(25,540)	(39) 505,042	0	505,042

Blue Granite Water Company
Operating Experience, Rate Base and Rate of Return
Sewer Service Territory 1 and 2
Docket No. 2019-290-WS
For the Test Year Ended June 30, 2019

<u>Description</u>	(1) Application Per Books \$	(2) Accounting & Pro Forma Adjustments \$	(3) After Accounting & Pro Forma Present \$	(4) Authorized PSC Adjustments \$	(5) After PSC Adjustments \$
<u>Operating Revenues</u>					
Service Revenues - Sewer	10,929,933	504,321 (2)	11,434,254	5,293,807 (41)	16,728,061
Miscellaneous Revenues	245,437	4,333 (3)	249,770	54,555 (42)	304,325
Uncollectible Accounts	(109,733)	(4,610) (4)	(114,343)	(52,938) (43)	(167,281)
<u>Total Operating Revenues</u>	11,065,637	504,044	11,569,681	5,295,424	16,865,105
<u>Maintenance Expenses</u>					
Salaries and Wages	1,159,998	(595,073) (5)	564,925	0	564,925
Capitalized Time	(160,270)	35,698 (6)	(124,572)	0	(124,572)
Purchased Power	519,286	0 (7)	519,286	0	519,286
Purchased Sewer	1,645,009	2,410,618 (8)	4,055,627	0	4,055,627
Maintenance and Repair	1,962,233	234,133 (9)	2,196,366	0	2,196,366
Maintenance Testing	177,386	(93,103) (10)	84,283	0	84,283
Meter Reading	36,083	(19,131) (11)	16,952	0	16,952
Chemicals	173,628	(59,366) (12)	114,262	0	114,262
Transportation	102,162	(50,718) (13)	51,444	0	51,444
Operating Exp. Charged to Plant	0	0	0	0	0
<u>Total Maintenance Expenses</u>	5,615,515	1,863,058	7,478,573	0	7,478,573
<u>General Expenses</u>					
Salaries and Wages	371,276	231,255 (14)	602,531	0	602,531
Office Supplies & Other Office Exp	921,442	(735,012) (15)	186,430	0	186,430
Regulatory Commission Exp.	58,905	78,261 (16)	137,166	0	137,166
Pension & Other Benefits	331,893	(63,733) (17)	268,160	0	268,160
Rent	32,369	44,468 (18)	76,837	0	76,837
Insurance	148,400	70,194 (19)	218,594	0	218,594
Office Utilities	214,411	(42,145) (20)	172,266	0	172,266
Outside Services - Other	452,575	(40,974) (21)	411,601	0	411,601
Non-Utility Misc Expense	188,667	(188,667) (22)	0	0	0
Miscellaneous	25,689	1,723 (23)	27,412	0	27,412
<u>Total General Expenses</u>	2,745,627	(644,630)	2,100,997	0	2,100,997
Depreciation	915,558	928,965 (24)	1,844,523	0	1,844,523
Amortization of CIAC	(234,352)	(117,257) (25)	(351,609)	0	(351,609)
Taxes Other Than Income	1,395,111	207,082 (26)	1,602,193	28,201 (44)	1,630,394
Income Taxes - Federal	(243,799)	(265,290) (27)	(509,089)	1,050,811 (45)	541,722
Income Taxes - State	(109,751)	(4,022) (28)	(113,773)	263,361 (46)	149,588
Sale of Utility Property	27,966	(27,966) (29)	0	0	0
Amort. Investment Tax Credit	(4,640)	0	(4,640)	0	(4,640)
Amortization of PAA	(3,773)	0	(3,773)	0	(3,773)
<u>Total Other Expenses</u>	1,742,320	721,513	2,463,833	1,342,373	3,806,206
<u>Total Operating Expenses</u>	10,103,462	1,939,941	12,043,403	1,342,373	13,385,776
<u>Net Operating Income</u>	962,175	(1,435,897)	(473,722)	3,953,051	3,479,329
Customer Growth	0	0 (30)	0	69,851 (47)	69,851
Interest During Construction	(92,457)	92,457 (31)	0	0	0
<u>Net Income (Loss) For Return</u>	1,054,632	(1,528,354)	(473,722)	4,022,902	3,549,180
<u>Original Cost Rate Base:</u>					
Gross Plant In Service	55,779,291	(1,790,793) (32)	53,988,498	0	53,988,498
Accumulated Depreciation	(7,554,311)	2,199,654 (33)	(5,354,657)	0	(5,354,657)
Net Plant In Service	48,224,980	408,861	48,633,841	0	48,633,841
Deferred Charges	0	5,760,587 (34)	5,760,587	0	5,760,587
Cash Working Capital	839,517	(149,024) (35)	690,493	0	690,493
Contributions In Aid of Construction	(11,167,297)	1,553,230 (36)	(9,614,067)	0	(9,614,067)
Accumulated Deferred Income Taxes	(1,319,130)	0	(1,319,130)	0	(1,319,130)
Customer Deposits	(137,749)	0	(137,749)	0	(137,749)
Plant Held for Future Use	0	0 (37)	0	0	-
Plant Acquisition Adjustment	(82,045)	0	(82,045)	0	(82,045)
Excess Book Value	0	(241,616) (38)	(241,616)	0	(241,616)
<u>Total Rate Base</u>	36,358,276	7,332,038	43,690,314	0	43,690,314
<u>Return on Rate Base</u>	2.90%		-1.08%		8.12%
<u>Operating Margin</u>	2.89%		-14.28%		14.05%
<u>Interest Expense</u>	735,082	443,795 (39)	1,178,877	0	1,178,877

Blue Granite Water Company
Explanation of Accounting and Pro Forma Adjustments
Docket No. 2019-290-WS
For the Test Year Ended June 30, 2019

Description	\$ Combined Operations	\$ Water Terr. 1 Operations	\$ Water Terr. 2 Operations	\$ Sewer Operations
<u>Accounting and Pro Forma Adjustments</u>				
<u>Operating Revenues</u>				
(1) Service Revenues - Water				
To adjust water service revenues to reflect test year customer				
Per PSC	280,468	272,372	8,096	0
Per BGWC	481,681	488,815	(7,134)	0
(2) Service Revenues - Sewer				
To adjust sewer service revenues to reflect test year customer				
Per PSC	504,321	0	0	504,321
Per BGWC	129,970	0	0	129,970
(3) Miscellaneous Revenues				
To adjust miscellaneous revenues for the test year.				
Per PSC	4,043	(290)	0	4,333
Per BGWC	0	0	0	0
(4) Uncollectible Accounts				
To adjust uncollectible accounts to reflect accounting and pro forma adjustments to service revenues.				
Per PSC	(7,644)	(2,933)	(101)	(4,610)
Per BGWC	(6,279)	(4,894)	158	(1,543)

Blue Granite Water Company
Explanation of Accounting and Pro Forma Adjustments
Docket No. 2019-290-WS
For the Test Year Ended June 30, 2019

Description	\$ Combined Operations	\$ Water Terr. 1 Operations	\$ Water Terr. 2 Operations	\$ Sewer Operations
<u>Maintenance Expenses</u>				
(5) Salaries & Wages				
To annualize operators' salaries for the test year.				
Per PSC	(1,344,062)	(484,042)	(264,947)	(595,073)
Per BGWC	(1,155,286)	(418,425)	(229,614)	(507,247)
(6) Capitalized Time				
To adjust capitalized time based on pro forma salaries.				
Per PSC	73,614	25,726	12,190	35,698
Per BGWC	58,345	20,623	9,649	28,073
(7) Purchased Power				
No adjustment proposed for purchased power.				
Per PSC	0	0	0	0
Per BGWC	0	0	0	0
(8) Purchased Water and Sewer				
(8a) To adjust purchased water & sewer expense to remove non-revenue water and amortize uncollected purchased water and sewer expense increases over 3 years				
Per PSC	871,508	354,810	47,562	469,136
Per BGWC	934,656	402,984	53,940	477,732
(8b) To adjust purchased water & sewer expenses to remove non-revenue water and reflect going forward expense levels				
Per PSC	2,553,472	520,787	91,203	1,941,482
Per BGWC	2,640,647	404,870	106,342	2,129,435
(8) Total Purchased Water and Sewer Per PSC	3,424,980	875,597	138,765	2,410,618
Total Purchased Water and Sewer Per BGWC	3,575,303	807,854	160,282	2,607,167

Blue Granite Water Company
Explanation of Accounting and Pro Forma Adjustments
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For the Test Year Ended June 30, 2019

Description	\$ Combined Operations	\$ Water Terr. 1 Operations	\$ Water Terr. 2 Operations	\$ Sewer Operations
(9) Maintenance and Repair				
(9a) To adjust maintenance and repair for the amortization of deferred maintenance over 5 years.				
Per PSC	(232,402)	(62,470)	(59,317)	(110,615)
Per BGWC	(212,327)	(52,424)	(59,288)	(100,615)
(9b) To adjust test year expenses for Clearwater Solutions contract cost impacts.				
Per PSC	851,676	609,328	318,024	(75,676)
Per BGWC	892,513	623,802	327,093	(58,382)
(9c) To adjust for amortization of deferrals for litigation costs, decommissioning costs and NBV of decommissioned assets.				
Per PSC	496,888	55,814	11,143	429,930
Per BGWC	483,212	57,128	11,592	414,492
(9d) To normalize test year storm costs.				
Per PSC	(9,308)	(3,191)	(2,093)	(4,024)
Per BGWC	0	0	0	0
(9e) To remove rebranding expenses for ratemaking purposes.				
Per PSC	(12,832)	(4,548)	(2,802)	(5,482)
Per BGWC	0	0	0	0
(9) Total Maintenance and Repair Per PSC	<u>1,094,021</u>	<u>594,933</u>	<u>264,955</u>	<u>234,133</u>
Total Maintenance and Repair Per BGWC	<u>1,163,398</u>	<u>628,506</u>	<u>279,397</u>	<u>255,495</u>
(10) Maintenance Testing				
To adjust test year expenses for Clearwater Solutions contract cost impacts.				
Per PSC	<u>(174,416)</u>	<u>(33,212)</u>	<u>(48,101)</u>	<u>(93,103)</u>
Per BGWC	<u>(174,416)</u>	<u>(33,212)</u>	<u>(48,101)</u>	<u>(93,103)</u>

Blue Granite Water Company
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Description	\$ Combined Operations	\$ Water Terr. 1 Operations	\$ Water Terr. 2 Operations	\$ Sewer Operations
(11) Meter Reading				
(11a) To adjust test year expenses for Clearwater Solutions contract cost impacts.				
Per PSC	(44,748)	(16,129)	(9,488)	(19,131)
Per BGWC	(44,748)	(16,129)	(9,491)	(19,128)
(11b) To remove meter reading expenses due to AMI deployment.				
Per PSC	(28,067)	(28,067)	0	0
Per BGWC	(28,067)	(28,067)	0	0
(11) Total Meter Reading Per PSC	<u>(72,815)</u>	<u>(44,196)</u>	<u>(9,488)</u>	<u>(19,131)</u>
Total Meter Reading Per BGWC	<u>(72,815)</u>	<u>(44,196)</u>	<u>(9,491)</u>	<u>(19,128)</u>
(12) Chemicals				
(12a) To adjust test year expenses for Clearwater Solutions contract cost impacts.				
Per PSC	(67,524)	(24,338)	(14,317)	(28,869)
Per BGWC	(67,524)	(24,338)	(14,322)	(28,864)
(12b) To remove chemical expense for decommissioned treatment				
Per PSC	(31,519)	(1,022)	0	(30,497)
Per BGWC	(31,519)	(1,022)	0	(30,497)
(12) Total Chemicals Per PSC	<u>(99,043)</u>	<u>(25,360)</u>	<u>(14,317)</u>	<u>(59,366)</u>
Total Chemicals Per BGWC	<u>(99,043)</u>	<u>(25,360)</u>	<u>(14,322)</u>	<u>(59,361)</u>
(13) Transportation				
(13a) To adjust test year expenses for Clearwater Solutions contract cost impacts.				
Per PSC	(110,230)	(39,452)	(23,667)	(47,111)
Per BGWC	(99,425)	(35,837)	(21,088)	(42,500)

Blue Granite Water Company
Explanation of Accounting and Pro Forma Adjustments
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For the Test Year Ended June 30, 2019

Description	\$ Combined Operations	\$ Water Terr. 1 Operations	\$ Water Terr. 2 Operations	\$ Sewer Operations
(13b) To remove rebranding expenses for ratemaking purposes.				
Per PSC	(8,444)	(2,993)	(1,844)	(3,607)
Per BGWC	0	0	0	0
(13) Total Transportation Per PSC	<u>(118,674)</u>	<u>(42,445)</u>	<u>(25,511)</u>	<u>(50,718)</u>
Total Transportation Per BGWC	<u>(99,425)</u>	<u>(35,837)</u>	<u>(21,088)</u>	<u>(42,500)</u>
<u>General Expenses</u>				
(14) Salaries & Wages				
To annualize office salaries for the test year.				
Per PSC	<u>538,807</u>	<u>191,693</u>	<u>115,859</u>	<u>231,255</u>
Per BGWC	<u>517,333</u>	<u>184,082</u>	<u>111,170</u>	<u>222,081</u>
(15) Office Supplies & Other Office Expense				
(15a) To remove expenses for items excluded by the Company.				
Per PSC	(1,542,022)	(636,499)	(170,477)	(735,046)
Per BGWC	(1,549,457)	(640,076)	(170,478)	(738,903)
(15b) To include costs for purchased services annual rate adjustment filing notices and annual round up bill inserts or flyers.				
Per PSC	22,670	8,907	3,984	9,779
Per BGWC	22,670	8,907	3,984	9,779
(15c) To remove expenses non-allowable for ratemaking purposes.				
Per PSC	(22,702)	(8,105)	(4,852)	(9,745)
Per BGWC	0	0	0	0
(15) Total Office Supplies & Other Office Expense Per PSC	<u>(1,542,054)</u>	<u>(635,697)</u>	<u>(171,345)</u>	<u>(735,012)</u>
Total Office Supplies & Other Office Expense Per BGWC	<u>(1,526,787)</u>	<u>(631,169)</u>	<u>(166,494)</u>	<u>(729,124)</u>

Blue Granite Water Company
Explanation of Accounting and Pro Forma Adjustments
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For the Test Year Ended June 30, 2019

Description	\$ Combined Operations	\$ Water Terr. 1 Operations	\$ Water Terr. 2 Operations	\$ Sewer Operations
(16) Regulatory Commission Expense				
(16a) To amortize current and unamortized prior rate case expenses over a three-year period.				
Per PSC	182,886	64,907	39,718	78,261
Per BGWC	104,130	36,995	22,519	44,616
(16b) To include legal costs for purchased services annual rate adjustment mechanism annual filings.				
Per PSC	3,394	2,793	601	0
Per BGWC	3,394	2,793	601	0
(16) Total Regulatory Commission Expense Per PSC	<u>186,280</u>	<u>67,700</u>	<u>40,319</u>	<u>78,261</u>
Total Regulatory Commission Expense Per BGWC	<u>107,524</u>	<u>39,788</u>	<u>23,120</u>	<u>44,616</u>
(17) Pension & Other Benefits				
(17a) To annualize pension and other benefits associated with pro forma salaries.				
Per PSC	(161,830)	(93,767)	(4,330)	(63,733)
Per BGWC	(62,113)	(54,671)	13,899	(21,341)
(17b) To remove service awards for ratemaking purposes.				
Per PSC	0	0	0	0
Per BGWC	0	0	0	0
(17) Total Pension & Other Benefits Per PSC	<u>(161,830)</u>	<u>(93,767)</u>	<u>(4,330)</u>	<u>(63,733)</u>
Total Pension & Other Benefits Per BGWC	<u>(62,113)</u>	<u>(54,671)</u>	<u>13,899</u>	<u>(21,341)</u>
(18) Rent				
To adjust rent expense for pro forma annualized leases.				
Per PSC	<u>103,407</u>	<u>36,920</u>	<u>22,019</u>	<u>44,468</u>
Per BGWC	<u>95,826</u>	<u>34,233</u>	<u>20,363</u>	<u>41,230</u>

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Description	\$ Combined Operations	\$ Water Terr. 1 Operations	\$ Water Terr. 2 Operations	\$ Sewer Operations
(19) Insurance				
To adjust insurance expense based on most recent policy premiums and deductible costs.				
Per PSC	163,371	58,173	35,004	70,194
Per BGWC	201,243	71,596	43,274	86,373
(20) Office Utilities				
To adjust test year expenses for Clearwater Solutions contract cost impacts.				
Per PSC	(98,634)	(35,121)	(21,368)	(42,145)
Per BGWC	(27,003)	(9,733)	(5,725)	(11,545)
(21) Outside Services - Other				
(21a) To adjust corporate costs allocations to annualize Corix parent expenses.				
Per PSC	(341,915)	(120,738)	(75,787)	(145,390)
Per BGWC	(362,759)	(128,125)	(80,339)	(154,295)
(21b) To include costs for York County franchise agreement and Lake Wylie AMI Neptune data support.				
Per PSC	214,731	83,955	0	130,776
Per BGWC	214,731	83,955	0	130,776
(21c) To reclassify annual rate adjustment mechanism and pumping interceptor tank legal expenses incurred during the test year to rate case expenses.				
Per PSC	(36,864)	(13,066)	(8,050)	(15,748)
Per BGWC	0	0	0	0
(21d) To remove rebranding expenses for ratemaking purposes.				
Per PSC	(9,833)	(3,485)	(2,147)	(4,201)
Per BGWC	0	0	0	0

Blue Granite Water Company
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Description	\$ Combined Operations	\$ Water Terr. 1 Operations	\$ Water Terr. 2 Operations	\$ Sewer Operations
(21e) To remove legal expenses that should not be included for ratemaking purposes.				
Per PSC	(15,007)	(5,319)	(3,277)	(6,411)
Per BGWC	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
(21) Total Outside Services Expense Per PSC	<u>(188,888)</u>	<u>(58,653)</u>	<u>(89,261)</u>	<u>(40,974)</u>
Total Outside Services Expense Per BGWC	<u>(148,028)</u>	<u>(44,170)</u>	<u>(80,339)</u>	<u>(23,519)</u>
(22) Non-Utility Miscellaneous Expense				
To remove non-utility activity.				
Per PSC	<u>(442,691)</u>	<u>(156,637)</u>	<u>(97,387)</u>	<u>(188,667)</u>
Per BGWC	<u>(442,691)</u>	<u>(156,637)</u>	<u>(97,387)</u>	<u>(188,667)</u>
(23) Miscellaneous				
(23a) To include customer deposit interest expense.				
Per PSC	11,244	3,584	3,084	4,576
Per BGWC	11,244	3,584	3,084	4,576
(23b) To remove expenses non-allowable for ratemaking purposes.				
Per PSC	(6,678)	(2,367)	(1,458)	(2,853)
Per BGWC	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
(23) Total Miscellaneous Per PSC	<u>4,566</u>	<u>1,217</u>	<u>1,626</u>	<u>1,723</u>
Total Miscellaneous Per BGWC	<u>11,244</u>	<u>3,584</u>	<u>3,084</u>	<u>4,576</u>
(24) Depreciation Expense				
To annualize depreciation expense for known and measurable plant in service. See BGW Order Exhibit 6.				
Per PSC	<u>2,244,244</u>	<u>734,280</u>	<u>580,999</u>	<u>928,965</u>
Per BGWC	<u>2,093,637</u>	<u>710,395</u>	<u>554,066</u>	<u>829,176</u>

Blue Granite Water Company
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For the Test Year Ended June 30, 2019

Description	\$ Combined Operations	\$ Water Terr. 1 Operations	\$ Water Terr. 2 Operations	\$ Sewer Operations
(25) Amortization of Contributions in Aid of Construction (CIAC)				
To adjust amortization of CIAC for known and measurable changes. See BGW Order Exhibit 6.				
Per PSC	(617,726)	(475,053)	(25,416)	(117,257)
Per BGWC	(618,100)	(473,764)	(25,421)	(118,915)
(26) Taxes Other Than Income				
(26a) To adjust payroll taxes associated with adjusted salaries.				
Per PSC	(33,874)	(22,237)	2,425	(14,062)
Per BGWC	(14,449)	(14,507)	5,800	(5,742)
(26b) To adjust gross receipts taxes for the adjustments to accounting and pro forma revenue using a factor of .00527282.				
Per PSC	4,160	1,435	43	2,682
Per BGWC	3,226	2,577	(37)	686
(26c) To adjust pro forma property taxes for pro forma plant balances.				
Per PSC	248,789	28,017	2,310	218,462
Per BGWC	543,084	250,725	156,101	136,258
(26) Total Taxes Other Than Income Per PSC	219,075	7,215	4,778	207,082
Total Taxes Other Than Income Per BGWC	531,861	238,795	161,864	131,202
(27) Income Taxes - Federal				
To adjust federal income taxes after accounting and pro forma adjustments. See BGW Order Exhibit 7.				
Per PSC	(698,918)	(398,168)	(35,460)	(265,290)
Per BGWC	(884,773)	(408,999)	(99,526)	(376,248)

Blue Granite Water Company
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Description	\$ Combined Operations	\$ Water Terr. 1 Operations	\$ Water Terr. 2 Operations	\$ Sewer Operations
(28) Income Taxes - State				
To adjust state income taxes after accounting and pro forma adjustments. See BGW Order Exhibit 7.				
Per PSC	(65,926)	(28,004)	(33,900)	(4,022)
Per BGWC	(112,509)	(32,547)	(47,569)	(32,393)
(29) Sale of Utility Property				
To reflect the removal of sale of utility property for ratemaking purposes.				
Per PSC	20,253	29,922	18,297	(27,966)
Per BGWC	20,253	29,922	18,297	(27,966)
(30) Customer Growth				
No accounting and pro forma adjustment proposed for customer growth.				
Per PSC	0	0	0	0
Per BGWC	0	0	0	0
(31) Interest During Construction ("IDC")				
To eliminate IDC for rate making purposes.				
Per PSC	172,635	74,253	5,925	92,457
Per BGWC	172,636	74,253	5,925	92,458
(32) Gross Plant in Service				
To adjust for pro forma general ledger additions, pro forma plant, pro forma retirements and decommissioned plant.				
Per PSC	910,493	1,517,896	1,183,390	(1,790,793)
Per BGWC	2,600,952	1,231,445	1,653,985	(284,478)

Blue Granite Water Company
Explanation of Accounting and Pro Forma Adjustments
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For the Test Year Ended June 30, 2019

Description	\$ Combined Operations	\$ Water Terr. 1 Operations	\$ Water Terr. 2 Operations	\$ Sewer Operations
(33) Accumulated Depreciation				
To adjust accumulated depreciation for current depreciation, decommissioned plant and prior rate case adjustments.				
Per PSC	4,515,950	1,657,788	658,509	2,199,654
Per BGWC	3,701,703	1,650,578	957,319	1,093,806
(34) Deferred Charges				
(34a) To include unamortized balances for deferred maintenance.				
Per PSC	277,923	171,966	105,957	0
Per BGWC	348,417	185,162	114,088	49,167
(34b) To include unamortized balances for removal costs on decommissioned assets, NBV on decommissioned assets, and excess deferred income taxes.				
Per PSC	4,940,058	(181,551)	(638,978)	5,760,587
Per BGWC	4,596,244	(183,548)	(652,326)	5,432,118
(34) Total Deferred Charges Per PSC	5,217,981	(9,585)	(533,021)	5,760,587
Total Deferred Charges Per BGWC	4,944,661	1,614	(538,238)	5,481,285
(35) Cash Working Capital				
(35a) To adjust cash working capital after accounting and pro forma adjustments. See BGW Order Exhibit 8.				
Per PSC	826,582	387,846	80,807	357,929
Per BGWC	898,666	399,600	94,180	404,886
(35b) To adjust cash working capital for Company proposed rate mitigation by eliminating purchased water and sewer from the calculation. See BGW Order Exhibit 8.				
Per PSC	(1,086,463)	(466,943)	(112,567)	(506,953)
Per BGWC	(1,105,254)	(458,475)	(115,257)	(531,522)
(35) Total Cash Working Capital Per PSC	(259,881)	(79,097)	(31,760)	(149,024)
Total Cash Working Capital Per BGWC	(206,588)	(58,875)	(21,077)	(126,636)

Blue Granite Water Company
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For the Test Year Ended June 30, 2019

Description	\$ Combined Operations	\$ Water Terr. 1 Operations	\$ Water Terr. 2 Operations	\$ Sewer Operations
(36) Contributions in Aid of Construction ("CIAC")				
To adjust CIAC to reflect the amortization of CIAC expense, pro forma CIAC additions and decommissioned plant. See BGW				
Per PSC	1,522,035	(18,852)	(12,343)	1,553,230
Per BGWC	1,068,166	(36,839)	(14,689)	1,119,694
(37) Plant Held for Future Use				
To adjust for post test year land purchase to be used for one million gallon elevated tank in Lake Wylie Subdivision.				
Per PSC	0	0	0	0
Per BGWC	350,000	350,000	0	0
(38) Excess Book Value				
To remove excess book value for ratemaking purposes.				
Per PSC	(464,646)	(223,030)	0	(241,616)
Per BGWC	(435,586)	(207,236)	0	(228,350)
(39) Interest Expense				
To adjust interest on debt using a 47.09% and 52.91% debt to equity ratio and 5.73% cost of debt. PSC computed allowable interest expense after accounting and pro forma adjustments. See BGW Order Exhibit 9.				
Per PSC	211,553	(206,702)	(25,540)	443,795
Per BGWC	228,871	(204,109)	(4,278)	437,258

Blue Granite Water Company
Explanation of Accounting and Pro Forma Adjustments
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For the Test Year Ended June 30, 2019

Description	\$ Combined Operations	\$ Water Terr. 1 Operations	\$ Water Terr. 2 Operations	\$ Sewer Operations
<u>ORS Adjustments</u>				
(40) Service Revenues - Water				
To adjust water service revenues for the return on equity recommendation of ORS witness Parcell.				
Per PSC	4,984,305	3,445,250	1,539,055	0
Per BGWC	5,575,958	3,636,851	1,939,107	0
(41) Service Revenues - Sewer				
To adjust sewer service revenues for the return on equity recommendation of ORS witness Parcell.				
Per PSC	5,293,807	0	0	5,293,807
Per BGWC	6,155,846	0	0	6,155,846
(42) Miscellaneous Revenues				
To adjust miscellaneous revenues.				
Per PSC	76,585	12,108	9,922	54,555
Per BGWC	0	0	0	0
(43) Uncollectible Accounts				
To adjust uncollectible accounts for PSC's adjustments to revenues.				
Per PSC	(108,937)	(34,452)	(21,547)	(52,938)
Per BGWC	(142,266)	(36,021)	(29,914)	(76,331)
(44) Taxes Other Than Income				
To adjust gross receipts using a factor of .00527282 after PSC's adjustments to revenues.				
Per PSC	54,598	18,230	8,167	28,201
Per BGWC	61,859	19,176	10,225	32,458

Blue Granite Water Company
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Description	\$ Combined Operations	\$ Water Terr. 1 Operations	\$ Water Terr. 2 Operations	\$ Sewer Operations
(45) Income Taxes - Federal				
To adjust federal income taxes after PSC's adjustments to revenues and gross receipts. See BGW Order Exhibit 7.				
Per PSC	2,033,137	679,233	303,093	1,050,811
Per BGWC	2,299,770	714,539	378,844	1,206,387
(46) Income Taxes - State				
To adjust state income taxes after PSC's adjustments to revenues and gross receipts. See BGW Order Exhibit 7.				
Per PSC	509,557	170,233	75,963	263,361
Per BGWC	576,385	179,083	94,949	302,353
(47) Customer Growth				
To adjust for customer growth after PSC's adjustments to revenues and taxes. The growth factors of 2.0392% for water territory 1, 0.0904% for water territory 2, and 2.0076% for sewer were computed by ORS witness Sandonato.				
Per PSC	92,640	21,416	1,373	69,851
Per BGWC	0	0	0	0

BGW Order Exhibit No. 2, Schedule 7

Blue Granite Water Company
Computation of Income Taxes
Docket No. 2019-290-WS
For the Test Year Ended June 30, 2019

After Accounting & Pro Forma Adjustments

	\$ Combined Operations	Water Terr. 1 Operations	Water Terr. 2 Operations	\$ Sewer Operations
Operating Revenues	23,775,138	6,598,640	5,606,817	11,569,681
Less: Operating Expenses	26,757,020	8,783,241	5,307,514	12,666,265
Net Operating Income Before Taxes	(2,981,882)	(2,184,601)	299,303	(1,096,584)
Less: Annualized Interest Expense	2,039,868	355,949	505,042	1,178,877
Taxable Income - State	(5,021,750)	(2,540,550)	(205,739)	(2,275,461)
State Income Tax %	5.0%	5.0%	5.0%	5.0%
State Income Taxes	(251,087)	(127,027)	(10,287)	(113,773)
Less: State Income Taxes Per Book	(185,161)	(99,023)	23,613	(109,751)
State Income Tax Adjustment #28	(65,926)	(28,004)	(33,900)	(4,022)
Taxable Income - Federal	(4,770,663)	(2,413,523)	(195,452)	(2,161,688)
Federal Income Taxes %	21.0%	21.0%	21.0%	21.0%
Federal Income Taxes	(1,001,839)	(506,840)	(41,045)	(453,954)
Add: Excess Deferred Income Taxes Amortization	(129,063)	(45,743)	(28,185)	(55,135)
Less: Federal Income Taxes Per Book	(431,984)	(154,415)	(33,770)	(243,799)
Federal Income Tax Adjustment #27	(698,918)	(398,168)	(35,460)	(265,290)

After Proposed Adjustments

	\$ Combined Operations	Water Terr. 1 Operations	Water Terr. 2 Operations	\$ Sewer Operations
Operating Revenues	34,020,898	10,021,546	7,134,247	16,865,105
Less: Operating Expenses	26,811,618	8,801,471	5,315,681	12,694,466
Net Operating Income Before Taxes	7,209,280	1,220,075	1,818,566	4,170,639
Less: Annualized Interest Expense	2,039,868	355,949	505,042	1,178,877
Taxable Income - State	5,169,412	864,126	1,313,524	2,991,762
State Income Tax %	5.0%	5.0%	5.0%	5.0%
State Income Taxes	258,470	43,206	65,676	149,588
Less: State Income Taxes As Adjusted	(251,087)	(127,027)	(10,287)	(113,773)
State Income Tax Adjustment #46	509,557	170,233	75,963	263,361
Taxable Income - Federal	4,910,942	820,920	1,247,848	2,842,174
Federal Income Taxes %	21.0%	21.0%	21.0%	21.0%
Federal Income Taxes	1,031,298	172,393	262,048	596,857
Add: Excess Deferred Income Taxes Amortization	(129,063)	(45,743)	(28,185)	(55,135)
Less: Federal Income Taxes As Adjusted	(1,130,902)	(552,583)	(69,230)	(509,089)
Federal Income Tax Adjustment #45	2,033,137	679,233	303,093	1,050,811

Blue Granite Water Company
Computation of Depreciation and Amortization Expense Adjustments
Docket No. 2019-290-WS
For the Test Year Ended June 30, 2019

Account No.	Item	Water Territory 1	Depreciation Rate	Depreciation Expense
1020	ORGANIZATION	84,616	1.50%	1,269
1025	FRANCHISES	25,864	1.50%	388
1030	LAND & LAND RIGHTS PUMP	6,920	0.00%	-
1040	LAND & LAND RIGHTS TRAN	28,237	0.00%	-
1045	LAND & LAND RIGHTS GEN	288,337	0.00%	-
1050	STRUCT & IMPRV SRC SUPP	1,040,231	2.76%	28,710
1055	STRUCT & IMPRV WTR TRT	470,724	2.61%	12,286
1060	STRUCT & IMPRV TRANS DI	3,434	2.19%	75
1065	STRUCT & IMPRV GEN PLT	166,157	2.26%	3,755
1070	COLLECTING RESERVOIRS	-	1.50%	-
1075	LAKE, RIVER, OTHER INTA	-	1.50%	-
1080	WELLS & SPRINGS	1,366,210	3.85%	52,599
1085	INFILTRATION GALLERY	-	1.50%	-
1090	SUPPLY MAINS	1,325,569	1.91%	25,318
1095	POWER GENERATION EQUIP	-	1.50%	-
1100	ELECTRIC PUMP EQUIP SRC	224,376	4.53%	10,164
1105	ELECTRIC PUMP EQUIP WTP	1,468,331	5.00%	73,417
1110	ELECTRIC PUMP EQUIP TRA	189,746	4.76%	9,032
1115	WATER TREATMENT EQPT	905,219	6.77%	61,283
1120	DIST RESV & STANDPIPES	3,287,317	4.40%	144,642
1125	TRANS & DISTR MAINS	7,414,856	1.85%	137,175
1130	SERVICE LINES	3,379,661	7.00%	236,576
1135	METERS	2,588,959	6.07%	157,150
1140	METER INSTALLATIONS	338,235	5.13%	17,351
1145	HYDRANTS	322,831	2.47%	7,974
1150	BACKFLOW PREVENTION DEV	8,525	5.06%	431
1155	OTH PLT&MISC EQUIP INTA	2,216	4.56%	101
1160	OTH PLT&MISC EQUIP SRC	-	2.67%	-
1165	OTH PLT&MISC EQUIP WTP	-	3.28%	-
1170	OTH PLT&MISC EQUIP TRAN	1,457	4.19%	61
1175	OFFICE STRUCT & IMPRV	589,115	2.24%	13,196
1180	OFFICE FURN & EQPT	317,420	13.03%	41,360
1185	STORES EQUIPMENT	-	1.50%	-
1190	TOOL SHOP & MISC EQPT	318,495	10.11%	32,200
1195	LABORATORY EQUIPMENT	73,863	10.72%	7,918
1200	POWER OPERATED EQUIP	1,043	8.93%	93
1205	COMMUNICATION EQPT	100,439	23.35%	23,453
1210	MISC EQUIPMENT	1,688	6.14%	104
1220	OTHER TANGIBLE PLT WATE	-	7.56%	-
1555	TRANSPORTATION EQPT WTR	209,408	2.90%	6,073
1560	TRANSPORTATION EQPT SWR	-	2.90%	-
1575	DESKTOP COMPUTER WTR	-	33.33%	-
1580	MAINFRAME COMPUTER WTR	104	20.00%	21
1585	MINI COMPUTERS WTR	133,572	33.33%	44,520
1590	COMP SYS COST WTR	369,707	12.50%	46,213
1595	MICRO SYS COST WTR	48	33.33%	16
2620	UTIL PLANT ACQUIRED/DISPOSED	134,036	0.00%	-
Total UPIS Water		27,186,966		1,194,925
		Indian Pines Extraordinary Retirement (Ends 2029)		3,631
		ORS Total Water Territory 1 Depreciation		1,198,556
		Less Per Books		464,276
		ORS Adj. #24 for Water Territory 1		734,280

Blue Granite Water Company
Computation of Depreciation and Amortization Expense Adjustments
Docket No. 2019-290-WS
For the Test Year Ended June 30, 2019

Account No.	Item	Water Territory 2	Depreciation Rate	Depreciation Expense
1020	ORGANIZATION	213,814	1.50%	3,207
1025	FRANCHISES	33,687	1.50%	505
1035	LAND & LAND RIGHTS WTR	38	0.00%	-
1040	LAND & LAND RIGHTS TRAN	655	0.00%	-
1045	LAND & LAND RIGHTS GEN	273,996	0.00%	-
1050	STRUCT & IMPRV SRC SUPP	2,496,082	2.76%	68,892
1055	STRUCT & IMPRV WTR TRT	832,780	2.61%	21,736
1060	STRUCT & IMPRV TRANS DI	27,267	2.19%	597
1065	STRUCT & IMPRV GEN PLT	104,588	2.26%	2,364
1070	COLLECTING RESERVOIRS	-	1.50%	-
1075	LAKE, RIVER, OTHER INTA	-	1.50%	-
1080	WELLS & SPRINGS	1,513,241	3.85%	58,260
1085	INFILTRATION GALLERY	-	1.50%	-
1090	SUPPLY MAINS	346,988	1.91%	6,627
1095	POWER GENERATION EQUIP	-	1.50%	-
1100	ELECTRIC PUMP EQUIP SRC	302,499	4.53%	13,703
1105	ELECTRIC PUMP EQUIP WTP	1,361,123	5.00%	68,056
1110	ELECTRIC PUMP EQUIP TRA	565,868	4.76%	26,935
1115	WATER TREATMENT EQPT	776,460	6.77%	52,566
1120	DIST RESV & STANDPIPES	4,003,368	4.40%	176,148
1125	TRANS & DISTR MAINS	6,473,528	1.85%	119,760
1130	SERVICE LINES	2,258,844	7.00%	158,119
1135	METERS	250,306	6.07%	15,194
1140	METER INSTALLATIONS	202,430	5.13%	10,385
1145	HYDRANTS	92,469	2.47%	2,284
1150	BACKFLOW PREVENTION DEV	14,320	5.06%	725
1155	OTH PLT&MISC EQUIP INTA	678	4.56%	31
1160	OTH PLT&MISC EQUIP SRC	2,211	2.67%	59
1165	OTH PLT&MISC EQUIP WTP	1,073	3.28%	35
1170	OTH PLT&MISC EQUIP TRAN	-	4.19%	-
1175	OFFICE STRUCT & IMPRV	223,471	2.24%	5,006
1180	OFFICE FURN & EQPT	164,341	13.03%	21,414
1185	STORES EQUIPMENT	-	1.50%	-
1190	TOOL SHOP & MISC EQPT	261,313	10.11%	26,419
1195	LABORATORY EQUIPMENT	52,855	10.72%	5,666
1200	POWER OPERATED EQUIP	2,053	8.93%	183
1205	COMMUNICATION EQPT	71,225	23.35%	16,631
1210	MISC EQUIPMENT	14,201	6.14%	872
1220	OTHER TANGIBLE PLT WATE	18,922	7.56%	1,431
1555	TRANSPORTATION EQPT WTR	127,913	2.90%	3,709
1560	TRANSPORTATION EQPT SWR	-	2.90%	-
1575	DESKTOP COMPUTER WTR	-	33.33%	-
1580	MAINFRAME COMPUTER WTR	-	20.00%	-
1585	MINI COMPUTERS WTR	81,609	33.33%	27,200
1590	COMP SYS COST WTR	225,511	12.50%	28,189
1595	MICRO SYS COST WTR	-	33.33%	-
2620	UTIL PLANT ACQUIRED/DISPOSED	-	0.00%	-
Total UPIS Water		23,391,727		942,908
		Purdy Shores & Foxwood Retirement (Ends 2024)		46,668
		ORS Total Water Territory 2 Depreciation		989,576
		Less Per Books		408,578
		ORS Adj. #24 for Water Territory 2		580,998

Blue Granite Water Company
Computation of Depreciation and Amortization Expense Adjustments
Docket No. 2019-290-WS
For the Test Year Ended June 30, 2019

Account No.	Item	Sewer	Depreciation Rate	Depreciation Expense
1245	ORGANIZATION	32,423	1.50%	486
1250	FRANCHISES INTANG PLT	-	1.50%	-
1255	FRANCHISES RECLAIM WTR	-	1.50%	-
1265	LAND & LAND RIGHTS COLL	664	0.00%	-
1285	LAND & LAND RIGHTS GEN	80,785	0.00%	-
1290	STRUCT/IMPRV COLL PLT	31,886	3.68%	1,173
1295	STRUCT/IMPRV PUMP PLT L	3,581,162	2.85%	102,063
1300	STRUCT/IMPRV TREAT PLT	3,355,950	2.34%	78,529
1305	STRUCT/IMPRV RECLAIM WT	11,832	2.24%	265
1310	STRUCT/IMPRV RECLAIM WT	24,333	3.41%	830
1315	STRUCT/IMPRV GEN PLT	1,764,223	2.15%	37,931
1320	POWER GEN EQUIP COLL PL	7,473	4.17%	312
1325	POWER GEN EQUIP PUMP PL	47,763	4.08%	1,949
1330	POWER GEN EQUIP TREAT P	32,459	4.17%	1,354
1335	POWER GEN EQUIP RECLAIM	-	1.50%	-
1340	POWER GEN EQUIP RCL WTR	-	1.50%	-
1345	SEWER FORCE MAIN	4,044,864	1.98%	80,088
1350	SEWER GRAVITY MAIN	16,586,096	1.78%	295,233
1353	MANHOLES	187,845	3.37%	6,330
1355	SPECIAL COLL STRUCTURES	53,757	2.16%	1,161
1360	SERVICES TO CUSTOMERS	2,285,513	3.86%	88,221
1365	FLOW MEASURE DEVICES	39,201	5.50%	2,156
1370	FLOW MEASURE INSTALL	1,544	5.14%	79
1375	RECEIVING WELLS	602	2.99%	18
1380	PUMPING EQUIPMENT PUMP	4,030,384	4.77%	192,249
1385	PUMPING EQUIPMENT RECLA	4,741,179	5.79%	274,514
1390	PUMPING EQUIPMENT RCL W	68,372	5.49%	3,754
1395	TREAT/DISP EQUIP LAGOON	1,545,215	3.63%	56,091
1400	TREAT/DISP EQUIP TRT PL	8,728,984	4.73%	412,881
1405	TREAT/DISP EQUIP RCL WT	1,541	3.31%	51
1410	PLANT SEWERS TRTMT PLT	302,038	5.50%	16,612
1415	PLANT SEWERS RECLAIM WT	3,877	5.88%	228
1420	OUTFALL LINES	295,515	2.17%	6,413
1425	OTHER PLT TANGIBLE	2,424	7.76%	188
1430	OTHER PLT COLLECTION	10,833	6.01%	651
1435	OTHER PLT PUMP	42,136	7.58%	3,194
1440	OTHER PLT TREATMENT	20,988	7.63%	1,601
1445	OTHER PLT RECLAIM WTR T	1,720	7.79%	134
1450	OTHER PLT RECLAIM WTR D	-	1.50%	-
1455	OFFICE STRUCT & IMPRV	74,830	2.25%	1,684
1460	OFFICE FURN & EQPT	9,050	6.62%	599
1465	STORES EQUIPMENT	723	6.22%	45
1470	TOOL SHOP & MISC EQPT	198,028	5.69%	11,268
1475	LABORATORY EQPT	45,007	6.18%	2,781
1480	POWER OPERATED EQUIP	70,608	5.42%	3,827
1485	COMMUNICATION EQPT	4,199	15.24%	640
1490	MISC EQUIP SEWER	534,713	6.74%	36,040
1495	SEWER PLANT ALLOCATED	(778)	0.00%	-
1500	OTHER TANGIBLE PLT SEWE	-	7.56%	-
1530	REUSE MTR/INSTALLATIONS	511	5.13%	26
1535	REUSE DIST RESERVOIRS	5,086	4.40%	224
1540	REUSE TRANSMISSION & DIST	76,390	1.85%	1,413
1555	TRANSPORTATION EQPT WTR	251,800	2.90%	7,302
1560	TRANSPORTATION EQPT SWR	-	2.90%	-
1575	DESKTOP COMPUTER WTR	-	33.33%	-
1580	MAINFRAME COMPUTER WTR	102	20.00%	20
1585	MINI COMPUTERS WTR	160,609	33.33%	53,531
1590	COMP SYS COST WTR	444,321	12.50%	55,540
1595	MICRO SYS COST WTR	47	33.33%	16
2620	UTIL PLANT ACQUIRED/DISPOSED	147,670	0.00%	-
Total UPIS Sewer		53,988,497		1,841,696
Prior Rate Case Adjustment for Engineering Over 10 Years (Ends 2026)				2,826
ORS Total Sewer Depreciation				1,844,522
Less Per Books				915,557
ORS Adj. #24 for Sewer				928,965

Blue Granite Water Company
Computation of Depreciation and Amortization Expense Adjustments
Docket No. 2019-290-WS
For the Test Year Ended June 30, 2019

Account No.	Item	Water Territory 1	Amortization Rate Rate	Amortization Expense
3255	CIAC-ORGANIZATION	-	1.50%	-
3260	CIAC-FRANCHISES	-	1.50%	-
3265	CIAC-STRUCT & IMPRV SRC	-	2.76%	-
3270	CIAC-STRUCT & IMPRV WTP	-	2.61%	-
3275	CIAC-STRUCT & IMPRV TRA	-	2.19%	-
3280	CIAC-STRUCT & IMPRV GEN	-	2.26%	-
3285	CIAC-COLLECTING RESERVO	-	1.50%	-
3290	CIAC-LAKE, RIVER, OTHER	-	1.50%	-
3295	CIAC-WELLS & SPRINGS	-	3.85%	-
3300	CIAC-INFILTRATION GALLE	-	1.50%	-
3305	CIAC-SUPPLY MAINS	(384,108)	1.91%	(7,336)
3310	CIAC-POWER GENERATION E	-	1.50%	-
3315	CIAC-ELEC PUMP EQP SRC	-	4.53%	-
3320	CIAC-ELEC PUMP EQP WTP	-	5.00%	-
3325	CIAC-ELEC PUMP EQP TRAN	-	4.76%	-
3330	CIAC-WATER TREATMENT EQ	-	6.77%	-
3335	CIAC-DIST RESV & STANDP	(5,378)	4.40%	(237)
3340	CIAC-TRANS & DISTR MAIN	(542,174)	1.85%	(10,030)
3345	CIAC-SERVICE LINES	(303,758)	7.00%	(21,263)
3350	CIAC-METERS	(21,094)	6.07%	(1,280)
3355	CIAC-METER INSTALLS	-	5.13%	-
3360	CIAC-HYDRANTS	(18,809)	2.47%	(465)
3365	CIAC-BACKFLOW PREVENT D	-	5.06%	-
3370	CIAC-OTH PLT&MISC EQP I	-	4.56%	-
3375	CIAC-OTH PLT&MISC EQP S	-	2.67%	-
3380	CIAC-OTH PLT&MISC EQP W	-	3.28%	-
3385	CIAC-OTH PLT&MISC EQP D	-	4.19%	-
3390	CIAC-OFFICE STRUCTURE	-	2.24%	-
3395	CIAC-OFFICE FURN/EQPT	-	13.03%	-
3400	CIAC-STORES EQUIPMENT	-	1.50%	-
3405	CIAC-TOOL SHOP & MISC E	-	10.11%	-
3410	CIAC-LABORATORY EQUIPME	-	10.72%	-
3415	CIAC-POWER OPERATED EQU	-	8.93%	-
3420	CIAC-COMMUNICATION EQPT	-	23.35%	-
3425	CIAC-MISC EQUIPMENT	-	6.14%	-
3430	CIAC-OTHER TANGIBLE PLT	(4,413,782)	7.56%	(333,682)
3435	CIAC-WATER-TAP	(4,846,251)	5.13%	(248,613)
3440	CIAC-WTR MGMT FEE	(450)	5.13%	(23)
3442	CIAC-WTR LINE EXT FEE	-	1.50%	-
3445	CIAC-WTR RES CAP FEE	-	1.50%	-
3450	CIAC-WTR PLT MOD FEE	(553,994)	2.26%	(12,520)
3455	CIAC-WTR PLT MTR FEE	(75,140)	6.07%	(4,561)
TOTAL CIAC Water		(11,164,938)		(640,010)
			Less: Per Books Amortization of CIAC	(164,957)
			ORS Adjustment #25 for Water Territory 1	(475,053)

Blue Granite Water Company
Computation of Depreciation and Amortization Expense Adjustments
Docket No. 2019-290-WS
For the Test Year Ended June 30, 2019

Account No.	Item	Water Territory 2	Amortization Rate Rate	Amortization Expense
3255	CIAC-ORGANIZATION	-	1.50%	-
3260	CIAC-FRANCHISES	-	1.50%	-
3265	CIAC-STRUCT & IMPRV SRC	-	2.76%	-
3270	CIAC-STRUCT & IMPRV WTP	-	2.61%	-
3275	CIAC-STRUCT & IMPRV TRA	-	2.19%	-
3280	CIAC-STRUCT & IMPRV GEN	-	2.26%	-
3285	CIAC-COLLECTING RESERVO	-	1.50%	-
3290	CIAC-LAKE, RIVER, OTHER	-	1.50%	-
3295	CIAC-WELLS & SPRINGS	-	3.85%	-
3300	CIAC-INFILTRATION GALLE	-	1.50%	-
3305	CIAC-SUPPLY MAINS	-	1.91%	-
3310	CIAC-POWER GENERATION E	-	1.50%	-
3315	CIAC-ELEC PUMP EQP SRC	-	4.53%	-
3320	CIAC-ELEC PUMP EQP WTP	-	5.00%	-
3325	CIAC-ELEC PUMP EQP TRAN	-	4.76%	-
3330	CIAC-WATER TREATMENT EQ	-	6.77%	-
3335	CIAC-DIST RESV & STANDP	-	4.40%	-
3340	CIAC-TRANS & DISTR MAIN	-	1.85%	-
3345	CIAC-SERVICE LINES	-	7.00%	-
3350	CIAC-METERS	-	6.07%	-
3355	CIAC-METER INSTALLS	-	5.13%	-
3360	CIAC-HYDRANTS	-	2.47%	-
3365	CIAC-BACKFLOW PREVENT D	-	5.06%	-
3370	CIAC-OTH PLT&MISC EQP I	-	4.56%	-
3375	CIAC-OTH PLT&MISC EQP S	-	2.67%	-
3380	CIAC-OTH PLT&MISC EQP W	-	3.28%	-
3385	CIAC-OTH PLT&MISC EQP D	-	4.19%	-
3390	CIAC-OFFICE STRUCTURE	-	2.24%	-
3395	CIAC-OFFICE FURN/EQPT	-	13.03%	-
3400	CIAC-STORES EQUIPMENT	-	1.50%	-
3405	CIAC-TOOL SHOP & MISC E	-	10.11%	-
3410	CIAC-LABORATORY EQUIPME	-	10.72%	-
3415	CIAC-POWER OPERATED EQU	-	8.93%	-
3420	CIAC-COMMUNICATION EQPT	-	23.35%	-
3425	CIAC-MISC EQUIPMENT	-	6.14%	-
3430	CIAC-OTHER TANGIBLE PLT	(301,970)	7.56%	(22,829)
3435	CIAC-WATER-TAP	(185,496)	5.13%	(9,516)
3440	CIAC-WTR MGMT FEE	-	5.13%	-
3442	CIAC-WTR LINE EXT FEE	-	1.50%	-
3445	CIAC-WTR RES CAP FEE	-	1.50%	-
3450	CIAC-WTR PLT MOD FEE	(1,200)	2.26%	(27)
3455	CIAC-WTR PLT MTR FEE	(4,037)	6.07%	(245)
TOTAL CIAC Water		(492,703)		(32,617)
		Less: Per Books Amortization of CIAC		(7,201)
		ORS Adjustment #25 for Water Territory 2		(25,416)

Blue Granite Water Company
Computation of Depreciation and Amortization Expense Adjustments
Docket No. 2019-290-WS
For the Test Year Ended June 30, 2019

Account No.	Item	Sewer	Amortization Rate Rate	Amortization Expense
3480	CIAC-ORGANIZATION	-	1.50%	-
3485	CIAC-FRANCHISES INTANG	-	1.50%	-
3490	CIAC-FRANCHISES RCLM WT	-	1.50%	-
3495	CIAC-STRUCT/IMPRV COLL	-	3.68%	-
3500	CIAC-STRUCT/IMPRV PUMP	(183,120)	2.85%	(5,219)
3505	CIAC-STRUCT/IMPRV TREAT	-	2.34%	-
3510	CIAC-STRUCT/IMPRV RCLM	-	2.24%	-
3515	CIAC-STRUCT/IMPRV RCLM	-	3.41%	-
3520	CIAC-STRUCT/IMPRV GEN P	(9,448,856)	2.15%	(203,150)
3525	CIAC-POWER GEN EQUIP CO	-	4.17%	-
3530	CIAC-POWER GEN EQUIP PU	(47,763)	4.08%	(1,949)
3535	CIAC-POWER GEN EQUIP TR	-	4.17%	-
3540	CIAC-POWER GEN EQUIP RC	-	1.50%	-
3545	CIAC-POWER GEN EQUIP RC	-	1.50%	-
3550	CIAC-SEWER FORCE MAIN	(21,003)	1.98%	(416)
3555	CIAC-SEWER GRAVITY MAIN	(1,064,507)	1.78%	(18,948)
3557	CIAC-MANHOLE	(28,600)	3.37%	(964)
3560	CIAC-SPECIAL COLL STRUC	-	2.16%	-
3565	CIAC-SERVICES TO CUSTOM	(62,000)	3.86%	(2,393)
3570	CIAC-FLOW MEASURE DEVIC	-	5.50%	-
3575	CIAC-FLOW MEASURE INSTA	-	5.14%	-
3580	CIAC-RECEIVING WELLS	-	2.99%	-
3585	CIAC-PUMP EQP PUMP PLT	-	4.77%	-
3590	CIAC-PUMP EQP RCLM WTP	-	5.79%	-
3595	CIAC-PUMP EQP RCLM DIST	-	5.49%	-
3600	CIAC-TREAT/DISP EQUIP L	-	3.63%	-
3605	CIAC-TREAT/DISP EQUIP T	-	4.73%	-
3610	CIAC-TREAT/DISP EQUIP R	-	3.31%	-
3615	CIAC-PLANT SEWERS TRTMT	-	5.50%	-
3620	CIAC-PLANT SEWERS RCLM	-	5.88%	-
3625	CIAC-OUTFALL LINES	-	2.17%	-
3630	CIAC-OTHER PLT TANGIBLE	-	7.76%	-
3635	CIAC-OTHER PLT COLLECTI	-	6.01%	-
3640	CIAC-OTHER PLT PUMP	-	7.58%	-
3645	CIAC-OTHER PLT TREATMEN	-	7.63%	-
3650	CIAC-OTHER PLT RCLM WTR	-	7.79%	-
3655	CIAC-OTHER PLT RCLM WTR	-	1.50%	-
3660	CIAC-OFFICE STRUCTURE	-	2.25%	-
3665	CIAC-OFFICE FURN/EQPT	-	6.62%	-
3670	CIAC-STORES EQUIPMENT	-	6.22%	-
3675	CIAC-TOOL SHOP & MISC E	-	5.69%	-
3680	CIAC-LABORATORY EQPT	-	6.18%	-
3685	CIAC-POWER OPERATED EQU	-	5.42%	-
3690	CIAC-COMMUNICATION EQPT	-	15.24%	-
3695	CIAC-MISC EQUIP SEWER	-	6.74%	-
3700	CIAC-OTHER TANGIBLE PLT	(800)	7.56%	(60)
3705	CIAC-SEWER-TAP	(2,762,524)	3.86%	(106,633)
3710	CIAC-SWR MGMT FEE	(1,400)	3.86%	(54)
3712	CIAC-SWR LINE EXT FEE	-	1.50%	-
3715	CIAC-SWR RES CAP FEE	-	1.50%	-
3720	CIAC-SWR PLT MOD FEE	(548,444)	2.15%	(11,792)
3725	CIAC-SWR PLT MTR FEE	(780)	3.86%	(30)
Total CIAC Sewer		(14,169,797)		(351,609)
Less: Per Books Amortization of CIAC				(234,352)
ORS Adjustment #25 for Sewer				(117,257)

Blue Granite Water Company
Cash Working Capital Allowance
Docket No. 2019-290-WS
For the Test Year Ended June 30, 2019

After Accounting & Pro Forma Adjustments - Standard Adjustment

	\$	\$	\$	\$
Description	Combined Operations	Water Terr. 1 Operations	Water Terr. 2 Operations	Sewer Operations
Maintenance Expenses	15,217,627	5,457,078	2,281,976	7,478,573
General Expenses	4,836,877	1,666,332	1,069,548	2,100,997
Total Expenses for Computation	20,054,505	7,123,410	3,351,525	9,579,570
Allowable Rate	12.50%	12.50%	12.50%	12.50%
Computed Cash Working Capital	2,506,813	890,426	418,941	1,197,446
Less: Cash Working Capital - Application Per Books	1,680,231	502,580	338,134	839,517
Cash Working Capital Adjustment #35a.	826,582	387,846	80,807	357,929

After Accounting & Pro Forma Adjustments - Company Mitigation Adjustment - Removing Purchased Water & Sewer

	\$	\$	\$	\$
Description	Combined Operations	Water Terr. 1 Operations	Water Terr. 2 Operations	Sewer Operations
Less: Purchased Water and Sewer	(8,691,704)	(3,735,541)	(900,536)	(4,055,627)
Allowable Rate	12.50%	12.50%	12.50%	12.50%
Cash Working Capital Adjustment #35b.	(1,086,463)	(466,943)	(112,567)	(506,953)

Blue Granite Water Company
Return on Equity
Docket No. 2019-290-WS
Capital Structure at June 30, 2019

Combined Operations

			Application Per Books (Note 1)				After Accounting and Pro forma Adjustments				After Proposed Adjustments			
	Capital					Income				Income				Income
Description	Structure	Ratio	Rate	Embedded	Overall	For	Rate	Embedded	Overall	For	Rate	Embedded	Overall	For
			Base	Cost/Return	Cost/Return	Return	Base	Cost/Return	Cost/Return	Return	Base	Cost/Return	Cost/Return	Return
Long-Term Debt	\$ 251,780,649	47.09%	\$ 30,211,785	5.73%	2.70%	\$ 1,731,135	\$ 35,599,791	5.73%	2.70%	\$ 2,039,868	\$ 35,599,791	5.73%	2.70%	\$ 2,039,868
Common Equity	282,859,007	52.91%	33,945,753	-4.40%	-2.33%	(1,492,639)	39,999,680	-9.10%	-4.81%	(3,639,761)	39,999,680	10.25%	5.42%	4,101,347
Totals	\$ 534,639,656	100.00%	\$ 64,157,538		0.37%	\$ 238,496	\$ 75,599,471		-2.11%	\$ (1,599,893)	\$ 75,599,471		8.12%	\$ 6,141,215

Water Terr. 1 Operations

			Application Per Books (Note 1)				After Accounting and Pro forma Adjustments				After Proposed Adjustments			
	Capital					Income				Income				Income
Description	Structure	Ratio	Rate	Embedded	Overall	For	Rate	Embedded	Overall	For	Rate	Embedded	Overall	For
			Base	Cost/Return	Cost/Return	Return	Base	Cost/Return	Cost/Return	Return	Base	Cost/Return	Cost/Return	Return
Long-Term Debt	\$ 251,780,649	47.09%	\$ 4,872,256	5.73%	2.70%	\$ 279,180	\$ 6,212,023	5.73%	2.70%	\$ 355,949	\$ 6,212,023	5.73%	2.70%	\$ 355,949
Common Equity	282,859,007	52.91%	5,474,433	-34.09%	-18.04%	(1,866,046)	6,979,786	-26.66%	-14.11%	(1,860,940)	6,979,786	10.25%	5.42%	715,686
Totals	\$ 534,639,656	100.00%	\$ 10,346,689		-15.34%	\$ (1,586,866)	\$ 13,191,809		-11.41%	\$ (1,504,991)	\$ 13,191,809		8.12%	\$ 1,071,635

Water Terr. 2 Operations

			Application Per Books (Note 1)				After Accounting and Pro forma Adjustments				After Proposed Adjustments			
	Capital					Income				Income				Income
Description	Structure	Ratio	Rate	Embedded	Overall	For	Rate	Embedded	Overall	For	Rate	Embedded	Overall	For
			Base	Cost/Return	Cost/Return	Return	Base	Cost/Return	Cost/Return	Return	Base	Cost/Return	Cost/Return	Return
Long-Term Debt	\$ 251,780,649	47.09%	\$ 8,218,417	5.73%	2.70%	\$ 470,915	\$ 8,813,999	5.73%	2.70%	\$ 505,042	\$ 8,813,999	5.73%	2.70%	\$ 505,042
Common Equity	282,859,007	52.91%	9,234,156	3.25%	1.72%	299,815	9,903,349	-1.27%	-0.67%	(126,222)	9,903,349	10.25%	5.42%	1,015,358
Totals	\$ 534,639,656	100.00%	\$ 17,452,573		4.42%	\$ 770,730	\$ 18,717,347		2.03%	\$ 378,820	\$ 18,717,347		8.12%	\$ 1,520,400

Sewer Operations

			Application Per Books (Note 1)				After Accounting and Pro forma Adjustments				After Proposed Adjustments			
	Capital					Income				Income				Income
Description	Structure	Ratio	Rate	Embedded	Overall	For	Rate	Embedded	Overall	For	Rate	Embedded	Overall	For
			Base	Cost/Return	Cost/Return	Return	Base	Cost/Return	Cost/Return	Return	Base	Cost/Return	Cost/Return	Return
Long-Term Debt	\$ 251,780,649	47.09%	\$ 17,121,112	5.73%	2.70%	\$ 981,040	\$ 20,573,769	5.73%	2.70%	\$ 1,178,877	\$ 20,573,769	5.73%	2.70%	\$ 1,178,877
Common Equity	282,859,007	52.91%	19,237,164	0.38%	0.20%	73,592	23,116,545	-7.15%	-3.78%	(1,652,599)	23,116,545	10.25%	5.42%	2,370,303
Totals	\$ 534,639,656	100.00%	\$ 36,358,276		2.90%	\$ 1,054,632	\$ 43,690,314		-1.08%	\$ (473,722)	\$ 43,690,314		8.12%	\$ 3,549,180

Note 1: The interest expense calculations reflect ORS's capital structure ratios and cost of debt applied to the Company's per book numbers.